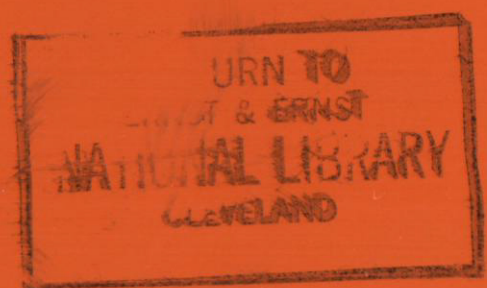


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1971  
ANNUAL REPORT

GEO. A. HORMEL & COMPANY  
AUSTIN, MINNESOTA  
FISCAL YEAR ENDING  
OCTOBER 30, 1971



*The standards  
of quality and integrity  
established 80 years ago  
by Geo. A. Hormel  
still guide your company today.*







# TABLE OF CONTENTS

- 2 **Reviewing Our 80th Year**  
The past year was the best ever for Geo. A. Hormel & Company. Board Chairman M. B. Thompson and President I. J. Holton describe the results for fiscal 1971.
- 6 **Corporate Citizenship**  
Hormel seeks more productive programs to serve its employees and the communities in which its plants are located.
- 8 **Building for Tomorrow**  
Nearly \$50 million has been invested since 1967 to enlarge existing units, to build new plants, to modernize production methods and to enhance marketing capabilities.
- 12 **Meat Products Group**  
Consumer demand for the Cure/81 Ham and Curemaster Family Ham, Hormel bacon, sausage and Perma-Fresh luncheon meats was the heaviest in the Company's history.
- 16 **Prepared Foods Group**  
A report on the Grocery Products Division, Food Service Division and the Industrial Products Division.
- 20 **International**  
Operations in countries outside the United States continued to expand in 1971.

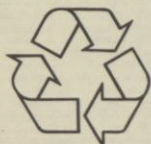
## **The People of Hormel**

Lift pages 10-11 for special feature devoted to Hormel Company employees.

## **Financial Reports**

Included in the 1971 Hormel Financial Section is a Ten Year Review, Statement of Consolidated Financial Position, Statement of Consolidated Stockholders' Investment, Statement of Consolidated Earnings, Statement of Changes in Consolidated Financial Position, and the Accountants' Report.



This eight-page Financial Section was printed on recycled paper. The symbol (at



left) consists of three arrows moving in a clockwise direction to form a triangular pattern, symbolizing the movement of an

item from its original form, through its intended use, and finally its return for recycling.

our **80** *th year*

**1971**  **Hormel** 

**FINANCIAL SECTION**



## TEN YEAR REVIEW

(In thousands of dollars)

OPERATIONS	1971	1970**	1969
Net Sales.....	\$686,487	\$695,768	\$626,017
Net Earnings.....	16,664	9,933	9,236
Per Cent of Sales.....	2.43%	1.43%	1.48%
Wage Costs.....	127,775	116,921	104,325
Total Taxes.....	19,053	12,648	12,260
Depreciation.....	5,435	4,918	3,830
<hr/>			
FINANCIAL POSITION			
Working Capital.....	\$ 43,646	\$ 37,818	\$ 39,339
Properties (net).....	51,841	45,683	38,767
Total Assets.....	153,144	129,416	115,788
Stockholders' Investment.....	96,175	83,081	76,480
<hr/>			
PER SHARE OF COMMON STOCK*			
Net Earnings.....	\$ 3.50	\$ 2.09	\$ 1.94
Dividends.....	.75	.70	.625
Stockholders' Investment.....	20.20	17.45	16.07

\*Adjusted for Stock Split.

\*\*53 Weeks



1968	1967	1966	1965	1964**	1963	1962
\$585,879	\$548,819	\$491,733	\$441,600	\$411,827	\$393,740	\$384,742
9,134	8,658	3,511	4,351	5,725	2,965	3,062
1.56%	1.58%	.71%	.99%	1.39%	.75%	.80%
98,519	91,409	78,399	78,618	79,743	74,509	73,581
11,833	9,633	4,774	4,950	6,477	4,922	4,211
3,578	3,417	3,198	2,902	2,527	2,508	2,353
\$ 40,497	\$ 37,707	\$ 33,489	\$ 26,668	\$ 25,768	\$ 26,329	\$ 29,152
32,211	29,164	28,293	28,248	26,988	22,376	20,663
108,484	104,898	86,096	80,274	79,269	70,848	69,752
70,220	63,407	57,188	55,306	52,868	48,818	47,527
\$ 1.92	\$ 1.82	\$ .74	.91	\$ 1.20	\$ .62	\$ .64
.4875	.5125	.35	.40	.35	.35	.35
14.75	13.32	12.01	11.62	11.11	10.25	9.98



# STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	October 30, 1971	October 31, 1970
<b>CURRENT ASSETS</b>		
Cash.....	\$12,040,584	\$10,745,126
United States Government and other marketable securities — at cost which approximates market.....	17,448,733	9,013,149
Accounts receivable, less allowance \$100,000.....	30,184,613	30,363,633
Inventories of products, livestock, packages and materials — at lower of cost (principally first-in, first-out) or market	39,835,993	32,152,959
Prepaid insurance and other expenses.....	1,104,117	868,017
<b>TOTAL CURRENT ASSETS</b>	<b>\$100,614,040</b>	<b>\$83,142,884</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses.....	\$48,529,591	\$40,162,401
Dividend payable November 15.....	892,594	833,087
Federal income taxes.....	6,535,983	3,331,256
Payments due within one year on long-term debt.....	1,010,000	998,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$56,968,168</b>	<b>\$45,324,744</b>
<b>WORKING CAPITAL</b> .....	<b>\$43,645,872</b>	<b>\$37,818,140</b>
<b>INVESTMENTS — at underlying equity</b> .....	<b>689,041</b>	<b>590,154</b>
<b>PROPERTY, PLANT AND EQUIPMENT — on the basis of cost</b>		
Land.....	\$ 1,545,758	\$ 1,430,164
Buildings.....	40,471,148	37,039,173
Equipment.....	51,377,651	45,762,566
Construction in progress.....	3,799,629	3,726,004
Less allowances for depreciation.....	(45,353,651)	(42,274,840)
	<b>\$51,840,535</b>	<b>\$45,683,067</b>
	<b>\$96,175,448</b>	<b>\$84,091,361</b>
<b>LONG-TERM DEBT — less amounts due within one year</b>		
Notes payable to banks, 5¼%, due \$1,010,000 March 1972	—	1,010,000
<b>STOCKHOLDERS' INVESTMENT</b> .....	<b>\$96,175,448</b>	<b>\$83,081,361</b>

See note to consolidated financial statements.



# STATEMENT OF CONSOLIDATED STOCKHOLDERS' INVESTMENT

	Fiscal Year Ended	
	October 30, 1971	October 31, 1970
CAPITAL STOCK (at end of year)		
Preferred Stock, par value \$100 a share:		
Authorized 50,000 shares		
Issued — none		
Common Stock, par value \$1.875* a share:		
Authorized shares:		
1971 — 6,000,000		
1970 — 3,000,000		
Issued and outstanding 4,760,496* shares.....	\$ 8,925,930	\$ 8,925,930
Additional paid-in capital.....	1,986,315	1,986,315
	<u>\$10,912,245</u>	<u>\$10,912,245</u>
EARNINGS REINVESTED IN BUSINESS		
Balance at beginning of year.....	\$72,169,116	\$65,568,216
Net earnings for year.....	16,664,462	9,933,247
	<u>\$88,833,578</u>	<u>\$75,501,463</u>
Deduct cash dividends on Common Stock (1971 — \$.75* a share; 1970 — \$.70* a share).....	3,570,375	3,332,347
Balance at end of year.....	<u>\$85,263,203</u>	<u>\$72,169,116</u>
 TOTAL STOCKHOLDERS' INVESTMENT.....	 <u><u>\$96,175,448</u></u>	 <u><u>\$83,081,361</u></u>

\*After giving effect to 2 for 1 split approved October 26, 1971.

See note to consolidated financial statements.



# STATEMENT OF CONSOLIDATED EARNINGS

	Fiscal Year Ended	
	October 30, 1971	October 31, 1970 (53 weeks)
Sales, less returns and allowances.....	\$686,487,100	\$695,768,388
Interest and other income.....	207,422	19,218
	<u>\$686,694,522</u>	<u>\$695,787,606</u>
Costs and expenses:		
Cost of products sold.....	\$578,857,924	\$606,852,832
Selling and delivery expenses.....	64,951,194	59,199,137
Administrative and general expenses.....	10,202,049	8,807,971
Interest.....	190,893	880,675
	<u>\$654,202,060</u>	<u>\$675,740,615</u>
EARNINGS BEFORE INCOME TAXES	\$ 32,492,462	\$ 20,046,991
Federal income taxes.....	15,828,000	10,113,744
NET EARNINGS (Per share 1971 — \$3.50; 1970 — \$2.09 after giving effect to 2 for 1 split approved October 26, 1971).....	<u>\$ 16,664,462</u>	<u>\$ 9,933,247</u>
Provision for depreciation under accelerated methods included in costs and expenses 1971 — \$5,434,820; 1970 — \$4,917,699.		

See note to consolidated financial statements.

## NOTE TO CONSOLIDATED FINANCIAL STATEMENTS October 30, 1971

### NOTE A — PENSION PLANS

The Company has several pension plans covering substantially all of its employees. The total pension expense was \$7,973,000 for 1971 and \$6,574,400 for 1970 which includes amortization of prior service cost over a period of thirty years from the date of inception or date of amendment of the plans. The Company's policy is to fund pension cost accrued. The actuarially computed value of vested benefits for all plans as of October 30, 1971, exceeded the total of the pension funds by approximately \$25,700,000.



# STATEMENT OF CHANGES IN CONSOLIDATED FINANCIAL POSITION

	Fiscal Year Ended	
	October 30, 1971	October 31, 1970 (53 weeks)
Working capital at beginning of year.....	\$37,818,140	\$39,338,900
Additions:		
From operations:		
Net earnings for the year.....	\$16,664,462	\$ 9,933,247
Provision for depreciation.....	5,434,820	4,917,699
	<u>\$22,099,282</u>	<u>\$14,850,946</u>
Deductions:		
Additions to property, plant and equipment.....	\$11,645,481	\$11,929,903
Cash dividends on Common Stock.....	3,570,375	3,332,347
Current maturity of long-term debt.....	1,010,000	998,000
Other.....	45,694	111,456
	<u>\$16,271,550</u>	<u>\$16,371,706</u>
Increase (decrease) in working capital.....	\$ 5,827,732	(\$ 1,520,760)
Working capital at end of year.....	<u>\$43,645,872</u>	<u>\$37,818,140</u>
Summary of changes in working capital:		
Increase (decrease) in current assets:		
Cash.....	\$ 1,295,458	(\$ 758,685)
Marketable securities.....	8,435,584	2,346,146
Accounts receivable.....	( 179,020)	( 632,361)
Inventories.....	7,683,034	5,271,227
Prepaid expenses.....	236,100	278,494
	<u>\$17,471,156</u>	<u>\$ 6,504,821</u>
Increase in current liabilities:		
Accounts payable and accrued expenses.....	\$ 8,367,190	\$ 6,303,662
Dividend payable.....	59,507	—
Federal income taxes.....	3,204,727	1,721,919
Payments due within one year on long-term debt.....	12,000	—
	<u>\$11,643,424</u>	<u>\$ 8,025,581</u>
Increase (decrease) in working capital.....	<u>\$ 5,827,732</u>	<u>(\$ 1,520,760)</u>
See note to consolidated financial statements.		



# ACCOUNTANTS' REPORT

## ERNST & ERNST

FIRST NATIONAL BANK BLDG.

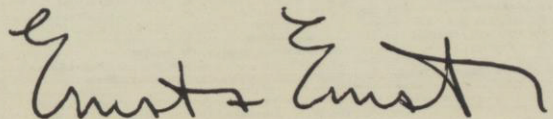
MINNEAPOLIS, MINN. 55402

To the Stockholders and Board of Directors  
Geo. A. Hormel & Company  
Austin, Minnesota

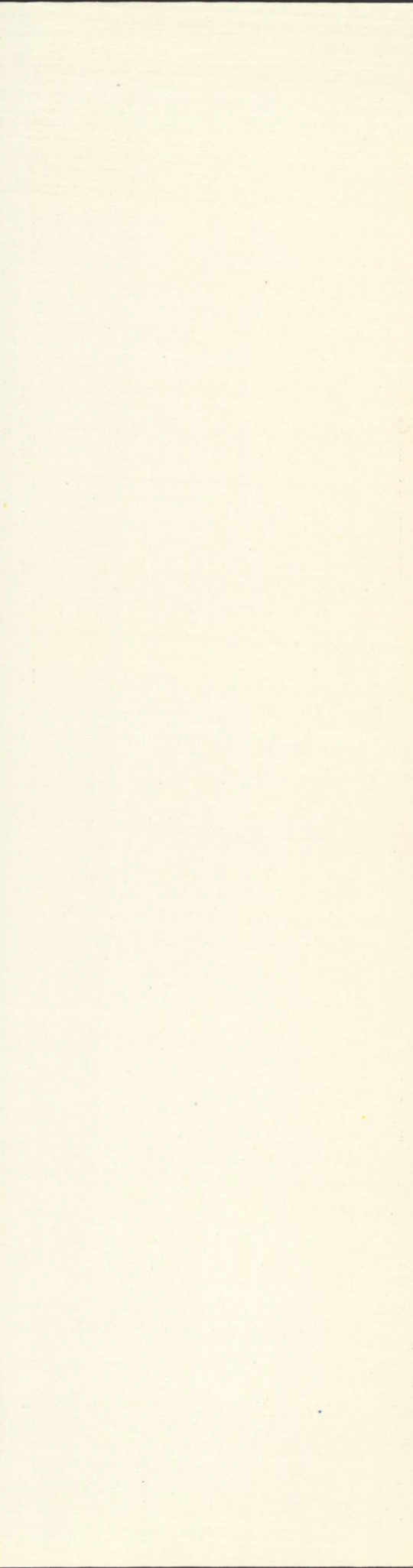
We have examined the statements of consolidated financial position of Geo. A. Hormel & Company as of October 30, 1971 and October 31, 1970 and the related statements of consolidated earnings, stockholders' investment and changes in financial position for the years ended those dates. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying aforementioned financial statements present fairly the consolidated financial position of Geo. A. Hormel & Company and subsidiaries at October 30, 1971 and October 31, 1970 and the consolidated results of their operations, changes in stockholders' equity and changes in financial position for the years ended those dates, in conformity with generally accepted accounting principles applied on a consistent basis.

Minneapolis, Minnesota  
November 23, 1971

A handwritten signature in dark ink, appearing to read "Ernst & Ernst", is written in a cursive, stylized script.







*our* 80 *th year*

**Common Stock**

Listed Midwest Stock Exchange

Traded American Stock Exchange

**Auditor:**

Ernst & Ernst

1800 First National Bank Building

120 South Sixth Street

Minneapolis, Minnesota 55402

**Transfer Agent:**

First National Bank of Chicago

1 First National Plaza

Chicago, Illinois 60670

**Registrar:**

Harris Trust and Savings Bank

111 West Monroe Street

Chicago, Illinois 60690

**Annual Meeting:**

The Annual Meeting of Shareholders  
will be held on Tuesday,

January 25, 1972, in the Austin

High School Auditorium,

Austin, Minnesota.

The meeting will convene at 8 p.m.

All shareholders are cordially

invited to attend.









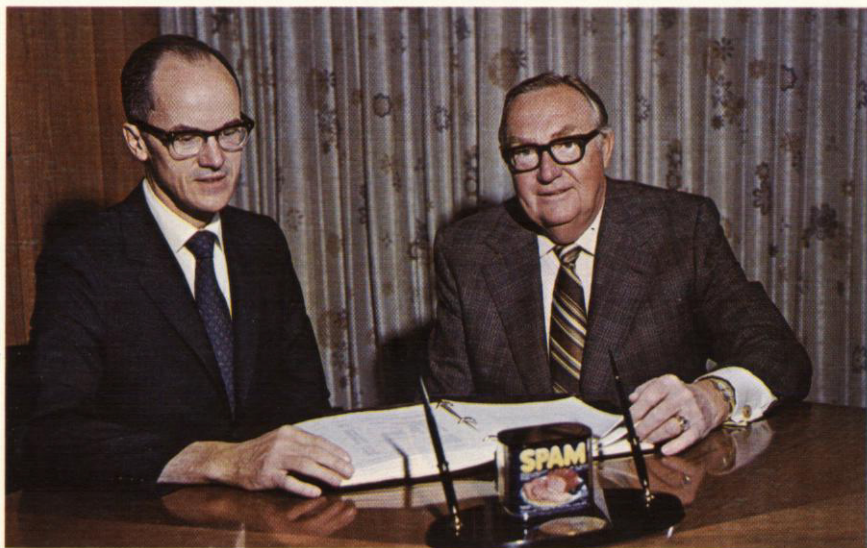


*Throughout its 80 years, Hormel has catered to the needs of the family shopper by providing a full line of canned meats, sausages, luncheon meats, wieners and other manufactured meat products.*

*These and other Hormel Fine Food Products can be seen on supermarket checkout counters everywhere — evidence that the Company has devoted its know-how to serving the American homemaker.*







Pictured (left to right) are President I. J. Holton and Board Chairman M. B. Thompson.

## REVIEWING OUR 80th YEAR

Fiscal 1971 was another year  
of uninterrupted progress for  
your Company.

By many important measures—earnings,  
earnings per share, and a two-for-one  
stock split — this was the  
Hormel Company's best year!

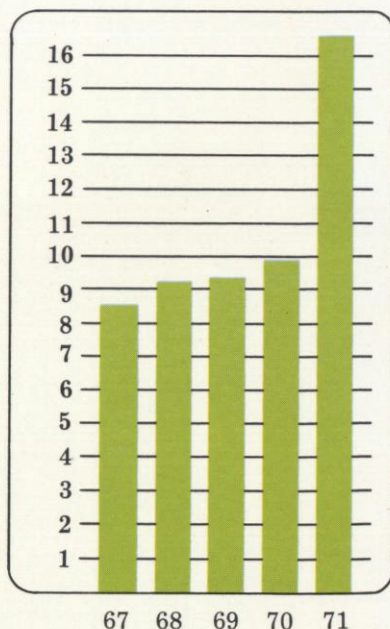
Your Company suitably marked its 80th year in business in 1971 by achieving new records in earnings and earnings per share of common stock. This was the fifth consecutive year of improvement in earnings for the Company. Dollar sales were down slightly because of relatively lower prices which prevailed during most of 1971.

**Net Earnings  
Higher in  
Fiscal 1971**

Earnings rose to a record \$16,664,462 in 1971, an increase over last year of \$6,731,215. The earnings attributable to each share of common stock amounted to \$3.50 in 1971 compared to \$2.09 per share in 1970, after giving effect to the two-for-one stock split. Favorable raw material supplies, increased efficiency of new or renovated facilities, and aggressive marketing efforts made this achievement possible.

Eligible Hormel Company employees shared in Joint Earnings for the 33rd consecutive year, receiving \$3,746,088 in 1971. A total of \$41,198,828 has been allocated to Joint Earnings since the beginning of this program.

**NET EARNINGS**  
in millions

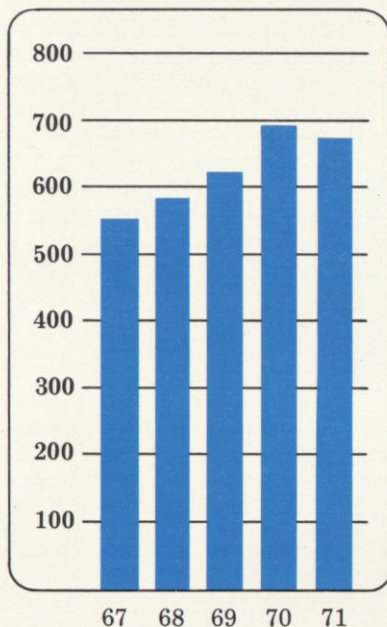




**Dollar Sales are  
\$686,487,100; Lower  
Than Fiscal 1970**

Lower prices developed lower dollar sales in 1971 for the Hormel Company. Sales, after returns and allowances, were \$686,487,100. In 1970, a 53-week year, sales were \$695,768,388. Continued growth was made in sales tonnage.

**SALES**  
in millions



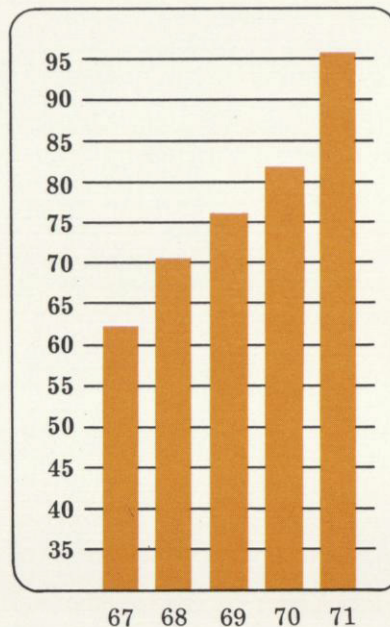
**Capital Investment  
Expenditure is Near  
\$12 Million**

The Hormel Company continues to expand and improve its physical assets. In 1971, \$11,645,000 was spent on additions to property, plant and equipment. Over \$45 million has been spent on capital investments during the past five years.

The 1972 capital improvement program is expected to be in excess of \$12 million.

Depreciation for the fiscal year 1971 was \$5,434,820, an increase over last year of \$517,121.

**STOCKHOLDERS' INVESTMENT**  
in millions



**Stockholders Approve  
Two-for-One  
Stock Split**

Dividends paid and accrued during the fiscal year were \$3,570,375. The Board of Directors plan to increase the regular quarterly cash dividend in a manner consistent with the Government's program to stabilize the economy.

Stockholders approved a two-for-one stock split effective November 22, 1971. Common shares outstanding were thereby increased to 4,760,496 shares.

Geo. A. Hormel & Company has paid dividends for 43 consecutive years.

**Nearly \$8 Million  
Added to Employee  
Pension Trusts**

The provision for current and past services under the Employee Pension Trusts for the year amounted to \$7,973,000. The Company's obligation at the end of the fiscal year for vested benefits under the pension plans was estimated at \$25,700,000.

Past service costs are amortized over a 30-year period from the date of inception or date of amendment of the plans.



**Many Benefits  
Available to  
Hormel Employees**

At a cost exceeding \$32 million, the Company's wide range of employee benefits were maintained and improved in 1971. These benefits include retirement plans, hospital, medical, and group life insurance, disability insurance, guaranteed employment and Joint Earnings.

These benefit programs are designed to help employees to provide financial security for themselves and their families. In addition, substantial sums were expended in improving employee service facilities, such as dressing and locker rooms, lunch room facilities and parking facilities.

All Hormel plants continue to maintain favorable labor relations. Although the pressure of increased labor costs are not expected to diminish, the Company looks forward to continuing good relations with its employees and with the unions which represent them.

**Stockholders' Investment  
Is Increased to  
\$96,175,448 in 1971**

The stockholders' investment on October 30, 1971, amounted to \$96,175,448. This was an increase of \$13,094,087 over the prior year.

**Bank Term Loan  
Balance is Reduced  
By Company**

The bank term loan showed a balance of \$1,010,000. Payment of this final installment will be made on March 15, 1972. Changes in interest income and interest expense from the prior year showed the favorable effect of lower prices on working capital requirements.

**Hog and Cattle  
Projections  
For 1972**

Projections indicate that an adequate supply of hogs will be available next year, although in fewer numbers relative to the huge supplies of 1971. The large corn crop should support a favorable corn-hog ratio which will provide an incentive to producers to raise more hogs for slaughter later in the year. Less dramatic variations in supplies have occurred in recent years as hog production has moved into the hands of larger producers.

Reports of cattle on feed predict shorter supplies in the first quarter with greater numbers available for the balance of the year. Slaughter capacity in the beef industry remains at a high level and demand continues strong.

It is anticipated that 1972 will be a good year for Hormel, although not a record year. Increased emphasis on processing has placed your Company in a position where minor changes in livestock numbers do not relate directly to changes in Company profits. At this writing, uncertainties exist as a result of Phase II of the price-wage control program. Of principal concern is the base period for profit margins which does not take into consideration the Company's performance in 1971.

The excellent results of 1971 can be attributed to the support, cooperation and loyalty of our employees, customers, livestock producers, shareholders and suppliers.





# THE SALES DOLLAR: HOW IT WAS USED

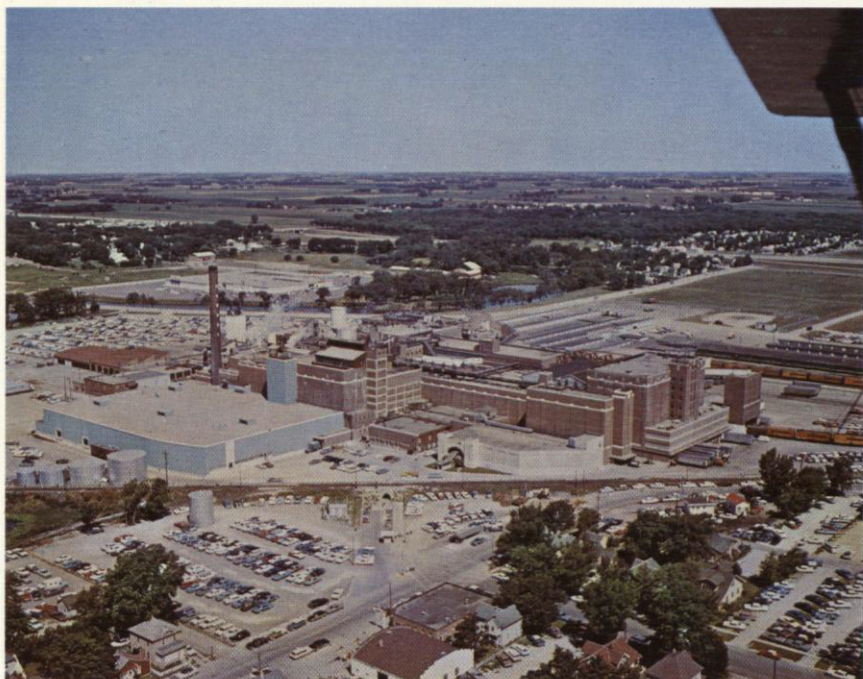
Interest Cost . . . . .	.03¢
Depreciation . . . . .	.79¢
Net Earnings . . . . .	2.43¢
All Taxes . . . . .	2.77¢
Employee Benefits . . . . .	2.69¢
Transportation Costs . . . . .	3.91¢
Manufacturing, Selling and Other Expenses . . . . .	4.62¢
Wages and Salaries . . . . .	15.92¢
Cost of Livestock, Supplies, etc. . . . .	66.84¢



# CORPORATE CITIZENSHIP

The Hormel Company's  
corporate responsibility stretches  
beyond growth in dollar sales  
and net earnings.

Also demanding equally high priority  
are the Company's efforts in matters  
affecting the environment and  
cooperative community relations.



The Austin, Minn., plant — the largest in the Hormel organization, also the "home" plant. Continued efforts are made to assure a clean environment at all Company facilities.

Hormel is guided by a commitment to serve the farmer, employee, shareholder and consumer. In today's world, more productive programs are needed to serve our employees and the communities in which we function.

## Hormel Supports Aid to Higher Education

To encourage the financial support of accredited colleges and universities by Company employees, the Hormel Company introduced a "matching gifts" program in early 1971. Under this program, the Company matches the gifts of individual employees up to \$1,000 per year for each employee who makes a contribution to an approved institution of higher education. All full-time employees are eligible to participate. The program has been received with enthusiasm by employees.

The "matching gifts" program is supplementary to the Company's regular contributions program for support to higher education.

## Engineering Efforts Expended to Improve Environment

Water and air pollution and solid wastes generated by processing are common concerns of the food industry. To help protect the environment, Hormel continues to design, maintain and operate facilities that are assets to communities in which they are located.





Everyday is cleaning day at the Hormel Company.

In Austin, Minn., Hormel Company plant wastes have long been handled and treated through municipal facilities. In 1971, the Company agreed to design and pay for an industrial waste treatment plant which will be capable of handling the disposal of all industrial wastes from the Austin plant. The new treatment facility, after it is constructed and put into operation, will be turned over to the city of Austin. The cost of operation and maintenance of the new plant will be assumed by the Hormel Company.

Substantial projects have also been authorized, completed or are underway at other Hormel locations to assure the operation of Company facilities well within established environmental standards.

#### Pollution and Sanitation Control Service Formed

Over the years, the Hormel Company has accomplished a great deal in the areas of pollution abatement and plant sanitation control. The Company formed a new division in 1971 to make this experience available to other U.S. food manufacturers and processors.

Specialists in this Division are now developing modern plant and employee sanitation programs and air and water pollution control measures for canners, meat packers, dairies and other food-related industries.



Cleanliness of plant equipment is a must.



"Sanitation is a way of life" at all Hormel plants.



A Corporate Sanitation Committee was established to help oversee the Company's Sanitation activities. Pictured (left to right) are John W. Trollden, director of Sanitation; Dr. Tracy E. Barber, Medical director; Hormel President I. J. Holton; Frank M. Brown, director of Engineering; Richard E. Goldstrand, research microbiologist; and Robert P. Dudley, director of Research.

#### Outlook For the Future

A Hormel objective for many years has been to provide its people with a good place to work, as well as being a good corporate citizen. In the years ahead, the Company's plans and decisions will continue to be made in the light of these objectives. Adhering to this policy will insure the continued advancement of the entire organization.





The Albany, Ga., distribution plant.

## BUILDING FOR TOMORROW

The Hormel Company  
has done more in the  
past five years to improve its  
capacity for growth than  
at any comparable period in  
its 80-year history!

Ribbon-cutting ceremonies were held in early January, 1971, to commemorate the opening of a new Hormel distribution plant in Albany, Ga. The move from an old leased plant to the new one-story 9,000 square foot facility provides added efficiency and capacity and will improve our service to customers in the southern Georgia and northern Florida areas.

Over 125 employees are now working in the new 93,500 square foot Dallas distribution plant — one of the largest and most efficient buildings of this type ever developed by the Hormel Company. Facilities have been provided for the processing and packaging of Cure/81 Hams, smoked hams, smoked loins, and for the slicing and packaging of Hormel bacon. This new plant now serves as a fine example of the newest techniques known to the industry for processing, packaging and handling of meat products. It will significantly enhance the Company's penetration into the growing Southwestern market.

**Production Lines**  
**Started at Seattle**  
**Distribution Plant**

Construction was completed in early fall of 1971 on a new 66,270 square foot distribution plant in Renton, Wash., located approximately 15 miles southwest of Seattle.

Hormel prepared sausage and smoked meat products are now being manufactured in this new facility. Bacon slicing and packaging lines are also operating and a new forward-flowing, continuous processing system insures increased production capacity and uniform quality control of Hormel wieners.

The Seattle distribution plant serves Oregon, Washington, Alaska, and other areas in the Northwest.





The proposed Shreveport, La., distribution plant.



An artist's sketch of the new Oklahoma City, Okla. plant.

#### Construction Started On Shreveport, Oklahoma City Plants

In Shreveport, La., construction was started in September on an 11,000 square foot facility which will improve distribution efficiency in that area. This new plant will have a cold storage warehouse, freezer, and office space for sales and administrative people.

Construction is also underway in Oklahoma City, Okla., on a manufacturing plant to produce the Company's Hereford Heaven line of portion-controlled frozen meats. A new level of distribution in both retail and institutional outlets has resulted in a need for a much larger facility which would offer substantially greater production capabilities.

The 58,000 square foot building will be equipped with modern and efficient automatic processing and freezing equipment to insure maximum productivity, uniformity and quality control. Beef, pork and veal char-broiled patties and other pre-cooked specialty items will be manufactured in the new plant under the Hereford Heaven, Yearling, Short-Horn, White Face and Top Star brand names. The building will be ready for occupancy in early fall of 1972.

#### Capacity Expansion, Plant Improvements Planned for 1972

The growing demand for Hormel products has created a production challenge for the Company. In 1972, more than \$12 million will again be expended to modernize, to expand and to increase the sophistication of Hormel production facilities.

Now under construction at the Fremont, Neb., plant is a 65,000 square foot addition which will reduce operating costs while also providing for increased production of popular Grocery Products items. In November, installation was started on a 65-foot high SPAM hydrostatic sterilizer similar in

design to the units previously constructed at the Company's Austin, Minn., and Fort Dodge, Iowa, plants. Several months will be needed to assemble the six-story, 40,500 pound unit which, when completed, will cook SPAM in cans at the rate of 350 cans per minute. A continuous production line for Vienna Sausage will also be installed in the new addition.

Extensive renovation and modernization work will be performed in the former Grocery Products area at Fremont, resulting in added capacity for the production of fresh and cooked sausage items. Additional shipping facilities are also being constructed.

A sizable addition to the Market Shipping Department at the Austin plant was also started in fiscal 1971. An 80 x 232 foot building is now under construction. The present shipping area is being remodeled. The beef rail and pallet storage systems are being renovated to insure efficient movement of product from the start of production to shipment to customers around the globe.



A major addition to the Company's Corporate Offices is started.

#### Corporate Offices Addition in Austin is Started

The Hormel Corporate Offices in Austin will more than double in size with the completion of a 38,000 square foot addition in early 1972. The L-shaped structure will be built to the west and north of the present building.

Personnel in the Company's Data Processing Department, Engineering & Development Division, Grocery Products Division, Grocery Products Accounting Department, Operations Research and Statistical Control Departments, Insurance, Claims, Quality Control, Industrial Engineering and Transportation Departments will be housed in the new addition.



Hormel acquired this 66,360 square foot building in 1970.



Austin Hog Cut Department.

#### Other Capital Investments Signify Company's Growth

Modernization of the Hog Cut Departments in Austin, Fort Dodge and Fremont were completed in 1971 — marking the end of a 1½ year project. The hog coolers in Fort Dodge were also rebuilt, allowing for greater capacity and efficiency.

A program in Fremont was completed, resulting in expanded beef cooler and freezer space, renovation of the Beef Boning area, increased hog kill capacity, and relocation and improvement in the Cure/81 Ham boning operation.

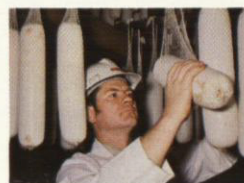
Relocation and installation of equipment and machinery for production of spices and gelatin desserts is nearing completion in Austin. Manufacturing and packaging operations for these Hormel products are now conducted in a modern 66,360 square foot building which the Company acquired in 1970.

In 1971, sizable capital investments were made to insure that the production facilities and manpower capabilities of Hormel kept pace with the marketing potential of the Company. The capital investment program established for the coming fiscal year is directed towards this same end.

## THE PEOPLE OF HORMEL

LIFT PAGES 10-11 TO EXPOSE "THE PEOPLE OF HORMEL" FEATURE ON THE BACK SIDE.





## THE PEOPLE OF HORMEL

The story behind the success of Hormel is a story of people. Our people, by being very good at what they do, have built the Company into a leader in its field.

Like most large companies, Hormel is best known by the products it supplies. These range widely — from items included in the Company's Prepared Foods Group (SPAM, Dinty Moore Beef Stew, frozen and canned prepared entrees, spices and gelatin desserts) to others that come from the Meat Products Group (Cure/81 Hams, Black Label Bacon, Perma-Fresh luncheon meats and Dry Sausage), to name only a few.

But Hormel is more than a supplier of quality food products. It is an organization of 8,400 people — men and women of the Company who are willing to work hard; men and women who adjust to changing times and conditions in a highly-competitive industry; men and women who carry on a constant search for new and better methods, new and better products; and men and women who continue to take pride and satisfaction in being part of this great Company.

Chuck boner, paddle girl, stuffer, mixer man — these are some of the unusual job titles that characterize a growing meat packer. At the Hormel Company, these colorful titles are

further supplemented with the more familiar business positions of accountant, lawyer, chemist, engineer, truck driver, mechanic, salesman, electrician, food technologist, along with many others.

Working side-by-side, these Hormel people and thousands of other Hormelites, combine skills, experience and knowledge with the tools of their trade to produce over 750 top-quality beef and pork products and a diversified line of canned meat items. It is a "team" effort whereby:

- \* The livestock buyer is an experienced judge of meat-type animals;

- \* Skilled Hormel employees, displaying experience and know-how, work together to produce quality processed meats;

- \* Representatives of labor and management discuss problems and arrive at solutions agreeable to both parties;

- \* Transportation experts move Hormel products quickly and economically, whenever and wherever needed;

- \* Safety and sanitation people work to eliminate safety hazards and maintain high sanitation requirements, respectively.



- \* Quality control technicians perform on-the-line inspections of product manufacture;

- \* Hormel research specialists test new product ideas;

- \* Hormel salesmen work with retail meat dealers and store operators to insure that a wide variety of Company products is available to satisfy consumers' wants;

- \* Accountants maintain accurate Company financial and production records;

- \* The Company's management team provides leadership, puts experience to work and makes sound decisions to assure the efficient operation of the Hormel organization.

- \* Electricians, boiler and generator operators, secretaries, computer operators, truck drivers, and many others not directly involved in the production of Hormel products, perform important responsibilities essential to the Company's continued growth and stability.



Hormel marketing personnel and advertising agency representatives continually search for new ideas and new ways to sell Company products.



These people by the thousands have devoted years to becoming familiar with the products and their capabilities. They are devoted to gaining satisfaction from fulfilling the needs of demanding customers. Individually, and as a harmonious team, these people identify with Hormel and have confidence in the uniform high standards of all others in the organization.

During the first 80 years, the story of Hormel has been a story of people — now over 8,400 of them from coast-to-coast. Although the second 80 years will be much different from the first, the fundamental principles on which the Company will operate are likely to be the same. They involve the opportunity for each individual to perform effectively to the extent of his ability and ambition, the operation of the business in a superior manner and on an ethical basis, and the production of Fine Food Products that offer value, convenience and, above all, uncompromising quality.

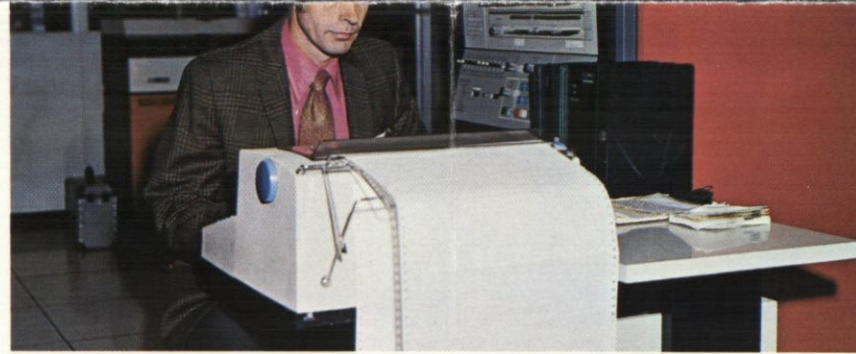


Industrial engineers conduct feasibility studies, labor and cost accounting, material and equipment studies.

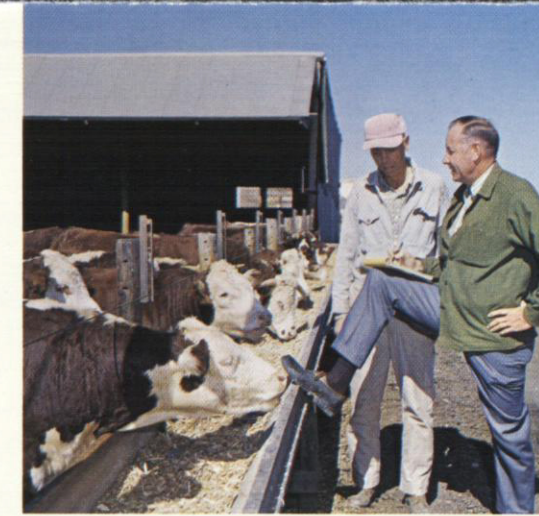




Efficient secretaries assist with office administrative procedures and help expedite work for busy management people.



Specially-trained personnel in the Data Processing Department work with complex computers that give information in seconds that once took hours to compile.



Company livestock buyers call on farmers throughout the Midwest — the center of America's great farmland.



It is the foreman's duty to provide for the smooth functioning of his Department by continuous supervision of the employees. He is concerned with safety, sanitation, quality, scheduling and production.



In this modern cooler, beef sides are government graded. Most all beef is sold in sides and quarters to wholesale and retail outlets.



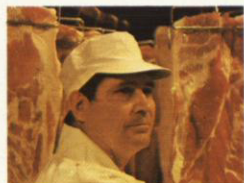
Housekeeping is a daily part of the Hormel Company operation. Sparkling clean Hormel delivery trucks travel thousands of miles each year.



Equipped with experience and know-how, capable production men work to put quality into Hormel Fine Food Products.



Company livestock buying stations are located throughout southern Minnesota and northern Iowa where the livestock population is heavy.





## MEAT PRODUCTS GROUP

In fiscal 1971, the Meat Products Group placed strong emphasis on expanding distribution and strengthening marketing, sales promotion and advertising programs.

Many food items in the Meat Products Group have gained nationwide prominence because of the Company's efforts to meet the ever-changing consumer demands. Success is achieved by offering excellent products backed by skill in marketing. In 1971, increased advertising, sales promotion and greater market penetration created a substantially larger demand for the Company's products.

Hormel Cure/81 Ham,  
Curemaster Family  
Ham Sales Rise

Prime time television shows on all three major networks, large space newspaper advertisements, radio spots, consumer and trade magazine advertisements, new point-of-purchase display materials, other special holiday promotions — they all add up to millions of exposures of the Hormel Cure/81 Ham. It was the largest advertising and sales promotion program for this product in the Company's history. The cumulative effect of these efforts to bring the convenience and quality of the Cure/81 Ham to the attention of America's housewives were gratifying. More Cure/81 Hams moved from more refrigerated meat cases into more homes in more parts of the country than ever before.

Following successful test marketing, the Curemaster Family Ham has been moved into national distribution. Consumer response to this small (1½ to 2¼ lbs.), family size ham continues to be favorable.



Curemaster Family Ham.



Top Photo: New Dallas, Texas, distribution plant.  
Bottom Photo: Hormel distribution plant in Seattle, Wash.







Hormel Cure/81 Ham.



## Improved Distribution Of Hormel Wieners Projected for 1972

At the Hormel Company, both salesman and product are supported by extensive sales promotion and advertising programs. Advertising of Hormel Wieners has progressed in recent years from local to regional to national coverage. Hormel Wieners can now be found in millions of homes and in virtually any eating out situation — whether at the ballgame, amusement park, school cafeteria or restaurant.

A new television commercial for 1972 will feature a catchy jingle and will introduce for the first time the Hormel hot dog vendor. The "Not too spicy for kids" theme will continue to be used in this commercial and in all other wiener advertising during the year.

Hormel Wieners:  
"Not too  
spicy for kids".



Hormel Pork Sausages are a taste treat at any meal.

## Sales of Hormel Pork Sausages Increase Markedly

Little Sizzlers, Midget Links and Brown 'n Serve pork sausages are good examples of quality and convenience in processed food products. Dollar sales have risen sharply because these products offer speed and convenience in preparation and nutrition for the entire family.

The vacuum-packaged Hormel pork sausages have a deliciously distinctive flavor that can be combined with any breakfast, lunch or dinner meal.



Hormel Midget Links.



### Sunday Bacon Promotion Spurs Market Growth

Attuned to the consumer demand for higher nutrition and finer quality, Hormel intensified its marketing efforts for Black Label Bacon. A new theme was created, entitled "The Sunday Bacon." It was used repeatedly in a steady advertising and promotional program which alerted housewives to a product that delivered what they wanted — high quality, wholesomeness and good value. A Black Label Bacon television commercial will be aired in selected markets throughout the U.S. in 1972 — a "first" for this very popular Hormel product.



Black Label Bacon.



Hormel Perma-Fresh luncheon meats.

The American consumer's tastes have broadened and, today, there is a greater desire for variety in food. The sales of Range Brand Bacon and Old Smokehouse Bacon also rose in 1971 — largely in response to recognized demands for variations in the degree of thickness and the amounts of cure and smoke.



Range Brand Bacon.

### Innovation in Perma-Fresh Luncheon Meats

Innovation can be the development of new processes, new methods of packaging or delightfully new flavors, all of which are aimed at enhancing the traditional goodness of Hormel products.

The new design in packaging of Perma-Fresh luncheon meats continues to play an important part in this product line. These handy-sized, clear packages are vacuum-sealed and conveniently presliced to assure freshness and flavor. Hormel luncheon meats have been radically changed over the years by improvements in quality, flavor and variety.





Recent additions to the Dinty Moore product line.

## PREPARED FOODS GROUP

Sales and earnings

increased to record highs. . .

New consumer products introduced,

existing markets are expanded

to assure foundation

for future profits and growth

in the years ahead.

The Company's position in the grocery products industry was further strengthened in 1971. The expansion of product lines and movement of newer items from test market to national distribution were supported by consistent advertising in print media and television.

The Food Service Division continues to comprise an important and growing part of the Company's business. Sales of the Industrial Products Division also increased during the past fiscal year.

### New Additions to Dinty Moore Product Line

During 1971, Dinty Moore Vegetable Stew and Dinty Moore Roast Beef and Gravy were introduced in selected markets across the country. They have since been moved into national distribution.



Three consumer favorites — led by Dinty Moore Beef Stew.





Top Photo: Lasagna.  
Bottom Photo: Haddock Fillets in Butter Sauce.





Smoke Flavored SPAM,  
SPAM with Cheese Chunks  
Distributed Nationally

Building on its success with SPAM, the largest selling canned luncheon meat in the world, Hormel introduced two new products in late 1970 — Smoke Flavored SPAM and SPAM with Cheese Chunks. The popularity of these two new items in test markets prompted a rapid move into national distribution. Volume to date has exceeded projections.

In addition to extensive advertising in print and broadcast media, special tie-in and related product promotions were instrumental in developing a high level of sales for this growing product line.

New Label Design  
Developed for  
Mary Kitchen Line

Mary Kitchen Roast Beef Hash and Mary Kitchen Corned Beef Hash are now being marketed with a new look. Featuring new product photography and a lettering design that conveys a clean, modern identity, the Mary Kitchen label commands attention and strengthens awareness among all consumers — young and old.



A new look!



Hormel Black Label, Holiday Glaze and E.X.L. Hams.

E.X.L. Ham Is  
Moved to  
Regional Distribution

Hormel marketed America's first ham in a can in 1926. Since that time, this famous Hormel Ham and the Holiday Glaze Ham, introduced some years later, have been recognized for their fine quality, convenience and wide variety of sizes.

The E.X.L. Ham, the newest Hormel canned ham, shows promise of attaining the same popularity as the original Hormel Ham did 46 years ago. This extra lean, boneless ham is packed in an easy-open plastic container. It has been moved from test market to regional distribution.



Mary Kitchen Corned Beef Hash.

Hormel Packages  
Gelatin Desserts  
And Puddings

The Industrial Products Division is a major processor and supplier of private label gelatin desserts and puddings. A variety of flavors are packed in both the 3 oz. and 6 oz. family sizes and sold to large U.S. wholesalers and supermarket chain stores.

Hormel also sells unflavored raw gelatin to gelatin dessert manufacturers, pharmaceutical hard and soft capsule manufacturers, candy and confectionery companies and the bakery trade.

Hormel Mixes,  
Blends Spices for  
Meat Packers

To the American housewife, spices are neatly packaged, standardized items that can be found on supermarket shelves with the other food products she buys. To the Hormel Company, however, spices are recognized as another item which can be sold to manufacturers as ingredients for their products.

The Trader Islands Spice Co. was established several years ago to provide meat packers and other food companies with a readily available source for spices and seasonings. In addition, the company handles the grinding and mixing of spices for all Hormel products.



**Hormel is Supplier  
Of Meat Proteins  
To Food Companies**

The Hormel Company is rapidly becoming a major supplier of meat proteins (beef and pork stock or broth, as they are sometimes known) to many food manufacturers. These ingredients are used in soups, stews, gravy and sauces for protein enrichment. Many food products supplied by the Industrial Products Division are used by other processors as ingredients in their products.

**New Product Line  
Introduced by  
Food Service Division**

A fruit dessert product line was introduced to the vending and mobile catering markets in late 1971. Sold under the Mary Kitchen brand name and marketed in 5 oz. E-Z open containers, the five new items are Mary Kitchen Apricots, Peaches, Fruit Mix, Cherry and Cinnamon Apple desserts.

Two new items — Hormel German Potato Salad and Dinty Moore Southern Style Noodles and Chicken — were also added to the Company's growing line of hot food vending products in 1971. Fifteen single portion items are now marketed under the Hormel, Dinty Moore and Mary Kitchen brand names.

**New Hormel Snacks  
Distributed to  
Vending Industry**

Responding to the public's desire for quick, light and appealing food products, the Company recently introduced Hormel Sunflower Seeds to the vending trade. The colorful 1¼ oz. package can be found in vending machines in supermarkets, snack shops, drug stores, hospitals, industrial and school cafeterias — in nearly all types of food service outlets.

The introduction of Hormel Sunflower Seeds and the ready-to-eat meat snacks which preceded this product represents an effort by the Company to enter newer areas of the growing food business.



The Mary Kitchen line of fruit desserts.



Another Hormel vending product.



Hormel Sunflower Seeds.

**Two Products  
Added to  
Frozen Entree Line**

Frozen entrees for mass feeding continues to show growth. Hormel is now marketing 36 of these products, including two new items — Turkey Dressing and Breaded Veal Parmigiana — which were introduced during the year.



New frozen entree products.



One of the Company's recent activities has been in the Far East where local manufacture of Mary Kitchen Corned Beef Hash was started on the Island of Okinawa. The First Enterprise Corporation of Okinawa, in which Hormel has a financial interest, doubled its production of Mary Kitchen Corned Beef Hash in 1971. In addition, wieners and sliced luncheon meats are now being manufactured in this plant and marketed in Okinawa.

The Okinawa Premier Food Sales Company, Ltd. is responsible for selling all Hormel and First Enterprise branded products in Okinawa. Strong distribution channels have already been established and both perishable and canned meat items are now sold directly to large wholesale companies in Okinawa.

#### Market Growth is Anticipated for Hormel in Australia

The marketing of SPAM in Australia is viewed as the beginning of an extensive Hormel consumer-oriented meat operation in that part of the world.

Hormel-Cerebos Pty. Ltd. is now in its third year of marketing SPAM in that country. Consumer research studies are being completed to determine other areas of growth opportunity with new product introductions expected to be made in 1972.

#### New Financial Investment in Philippine Islands

The Hormel Company has made a financial investment in a large-scale hog raising operation in the Philippines, known as Monterey Farms. The Company is also exploring the possibility of local manufacturing and distribution of certain products in that country during 1972.



Mary Kitchen Corned Beef Hash in Okinawa.

## INTERNATIONAL

Operations in countries  
outside the United States  
continued to expand in 1971.

#### Schneider-Hormel Completes First Year Of Operation

By the end of 1972, 12 items will have been added to the growing product line of Schneider-Hormel Ltd., bringing to 19 the number of canned meats marketed in Canada.

All indications point toward a period of strong growth in the Canadian market for the newly-formed Schneider-Hormel company.

#### New Company Subsidiary Is Established

Hormel has established a new international food products company which will handle the manufacture and sale of curing agents, spice blends and proteins to foreign countries.

Working arrangements with worldwide manufacturer's representatives are now being established and initial operations for this new company are scheduled for 1972.

#### Export Sales of Hormel Products Also Increase

The Company's export business — spanning some 50 countries — increased in 1971. A complete line of Hormel canned and packaged meat products, gelatin desserts and by-products are being marketed through Lloyds Trading Corporation of Great Neck, New York.

#### New International Activities Studied By Hormel Company

The potential for further growth in the Far East, Western Hemisphere and European markets is now undergoing intensive study. All activities will be directed to the Company's objective of establishing a position of leadership in promising international markets in the years ahead.







## DIRECTORS

Elmer L. Andersen  
E. C. Alsaker  
Raymond J. Asp  
Sherwood O. Berg  
Harold B. Butler\*  
Bruce Corey  
Robert M. Gill

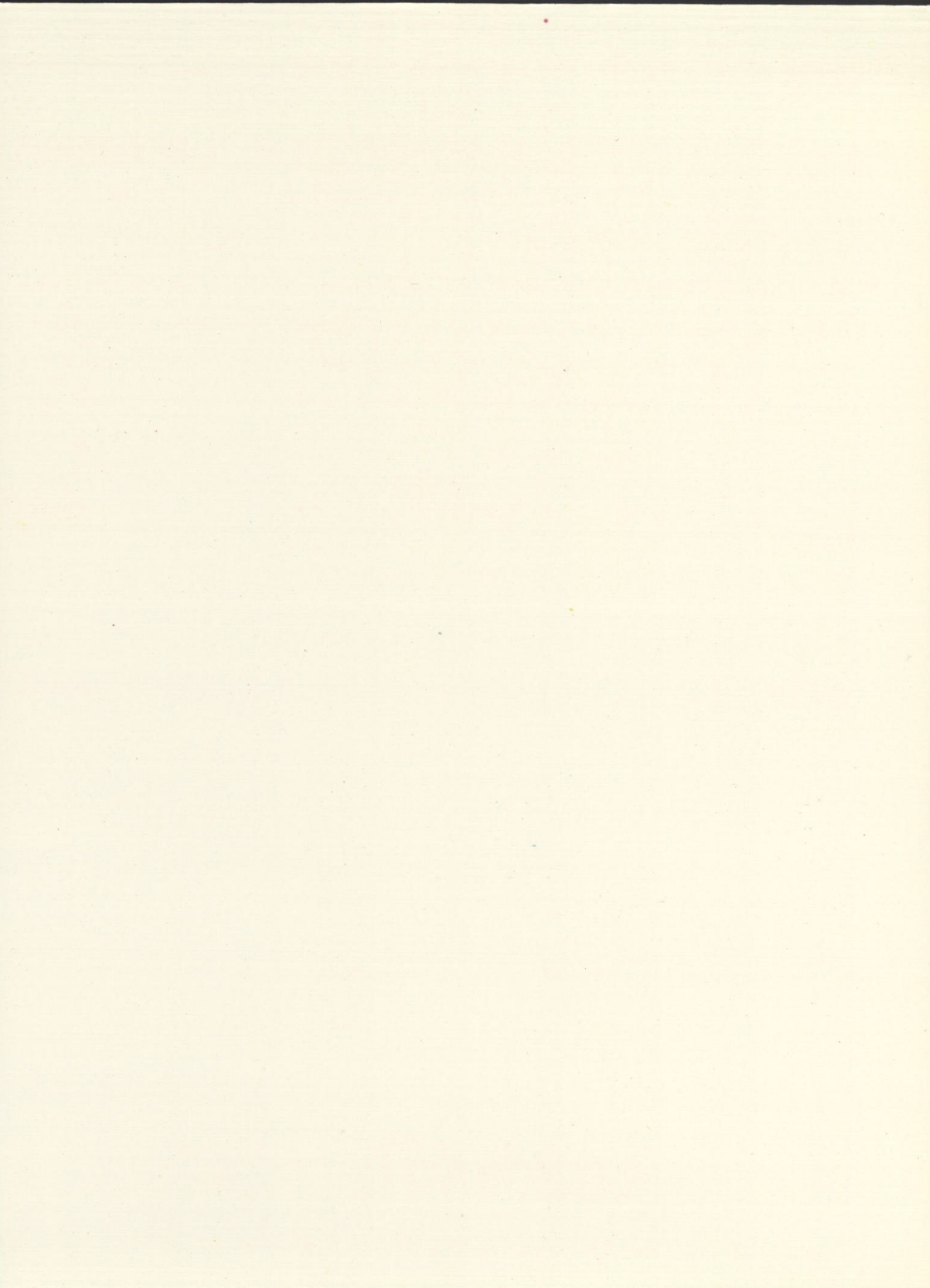
I. J. Holton  
James C. Hormel  
Lee D. Housewright, Jr.  
Gordon Murray  
Robert F. Potach  
M. B. Thompson

\*Resigned November 22, 1971

## OFFICERS

M. B. Thompson	Chairman of the Board
I. J. Holton	President
Raymond J. Asp	Group Vice President
Harold B. Butler	Group Vice President
Lee D. Housewright, Jr.	Group Vice President
Bruce Corey	Vice President
N. D. Gahagen	Vice President
Robert M. Gill	Vice President
Clayton T. Kingston	Vice President
James A. Silbaugh	Vice President
Donald S. Sorenson	Vice President
E. C. Alsaker	Treasurer
Charles D. Nyberg	Secretary
Robert F. Potach	Controller
Don J. Hodapp	Assistant Controller
Richard W. Schlange	Assistant Controller
Walter B. Stevens	Assistant Treasurer
Robert J. Thatcher	Assistant Treasurer







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